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Message Text

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43
ACTION EA-14

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E.O. 11652: GDS
TAGS: ENRG, TH
SUBJ: RTG REQUESTS ENRICHED URANIUM FOR NUCLEAR POWER PLANTS

REF: A) STATE 179345; B) A-502, DEC. 22, 1972

BEGIN SUMMARY: BASED ON FIRM PROJECTIONS OF POWER REQUIREMENTS AND SEVERAL EXTENSIVE FEASIBILITY STUDIES FROM DIFFERENT SOURCES, ELECTRICITY GENERATING AUTHORITY OF THAILAND (EGAT) CONTINUES TO PLAN CONSTRUCTION OF TWO ENRICHED URANIUM NUCLEAR POWER PLANTS SCHEDULED FOR COMPLETION IN 1981 AND 1983, RESPECTIVELY. END SUMMARY

1. PREECHA CHUNGWATANA, CHIEF, ATOMIC POWER DIV, EGAT, TOLD EMBOFF THAT EGAT HAS FIRM PLANS BASED ON PROJECTED ELECTRICITY DEMAND AND ECONOMIC AND TECHNICAL FEASIBILITY STUDIES FROM SEVERAL SOURCES TO CONSTRUCT TOW ENRIGHED URANIUM NUCLEAR POWER PLANTS AT SI RACHA ON THE GULF OF THAILAND.

2. GENERATING CAPACITY OF EACH PLANT WILL BE 600 MW. EGAT HOPES TO INVITE TENDERS ON THE FIRST PLANT BY MID-1974 WITH PLANS TO BEGIN ACTUAL CONSTRUCTION PROBABLY ON A TURNKEY PROJECT BASIS BY MID-1975. BURNS AND ROE, INC., WILL ACT AS CONSULTING ENGINEERS FOR THIS PROJECT. SECOND
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PLANT WILL BE CONSTRUCTED ON SAME SITE WITH COMPLETION

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PLANNED BY 1983.

3. CHIEF OF ATOMIC POWER DIV. WAS CONVINCED PROJECT ECONOMICALLY AND TECHNICALLY FEASIBLE AND HIGHLY ADVANTAGEOUS FOR THAILAND. HE IS CONVINCED THAT 13 PER CENT RETURN ON CAPITAL INVESTED WILL BE RECORDED FROM FIRST DAY PLANT BEGINS OPERATION. WORLD BANK RULE OF THUMB RECOMMENDS IMPLEMENTING A PROJECT IF TEFYPER CENT RETURN LIKELY. MOREOVER, NUCLEAR PANT OPERATING COSTS ARE ONE-THRID THE COSTS FOR FOSSIL FUEL GENERATION OF ELECTRICITY. CHIEF OF ATOMIC POWER DIV. CATEGORIZED RECENT "INTERNATIONAL ATOMIC ENERGY STUDY ON MARKET FOR NUCLEAR POWER IN THAILAND" AS "OVERLY CONSERVATIVE" IN CALLING FOR GENERALLY LATER INTRODUCTION OF NUCLEAR PLANTS THAN EGAT PRESENTLY PLANS.

4. HIGH ESTIMATE FOR FIRST PLANT'S TOTAL COST IS ABOUT $244 MILLION. OF THIS FIGURE, $154 MILLION WILL BE FOREIGN EXCHANGE COST WHILE $90 MILLION WILL BE LOCAL CURRENCY COSTS. EGAT NORMALLY ABLE TO FINANCE 30 PERCENT OF TOTAL COST OF ITS PROJECTS THROUGH BONDS SOLD IN THAILAND, I.E., ALL LOCAL CURRENCY COST OF THIS PROJECT. EGAT IS ALSO EXPLORING POSSIBILITIES OF EXIM FINANCING SINCE AMERICAN FIRM LIKELY TO BE SUCCESSFUL IN BIDDING. BOTH GE AND WESTINGHOUSE ACTIVELY INTERESTED IN THE PROJECT (REF B). LOCATION OF TWO PLANTS SIDE BY SIDE ALMOST ASSURES THAT SUCCESSFUL BIDDER ON FIRST PLANT WILL ALSO BUILD SECOND. RTG BIDDING PROCEDURE, HOWEVER, LIKELY TO PREVENT EGAT FROM AWARDING SUCCESSFUL BIDDER ON FIRST PLANT MORE THAN OPTION ON SECOND NUCLEAR PLANT.

5. PLANS CALL FOR ELECTRICITY PRODUCED BY ABOVE TWO INSTALLATIONS TO BE FED INTO THAILAND'S NATIONAL POWER GRID. EGAT OFFICIALS DENIED THAT ANY ONCE CITY WOULD BE DEPENDENT ON ELECTRICITY GENERATED BY NUCLEAR MEANS. GOV'T EXPROPRIATION WITH JUST COMPENSATION WILL BE USED TO ACQUIRE LAND WHICH EXTIMATED TO COST NOT MORE THAT $500,000. SI RACHA LOCATION ADEQUATELY BALANCES SAFETY FACTOR OF LOCATION DISTANT FROM POPULATION CENTER WITH COST FACTORS OF ELECTRICITY TRANSMISSION TO BANGKOK AREA, WHICH USES 75 PER CENT OF ELECTIRICITY GENERATED IN THAILAND.

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6. ESTIMATES OF TOTAL CAPITAL COSTS FOR BOTH NUCLEAR POER PLANT PROJECTS RUN FROM $350 TO 500 MILLION U.S. INCLUDED IN THIS ESTIMATE ARE COSTS OF TRAINING APPROXIMATELY 250 ENGINEERS AND TECHNICIANS TO OPERATE THE TWO NUCLEAR GENERATING PLANTS. PLANS CALL FOR BOTH PLANTS TO CONFORM TO ATOMIC ENERGY COMMISSION (AEC) SAFETY STANDARDS THROUGHOUT.

7. ALTHOUGH THAILAND HAS SMALL ECOLOGY--ENVIROMENTALIST

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MOVEMENT, AND EGAT OFFICIALS ANTICIAPTE THE NECESSITY
FOR SOME EXPLANATIONS OF SAFETY ARRANGEMENTS AND POLLUTION
FACTORS IN PUBLIC SEMINARS, NO GREAT OBSTACLES TO CON-
STRUCTION OF THE TWO NUCLEAR PLANTS ARE FORESEEN FROM THIS
ANGLE.

8. PLANS TO GO AHEAD WITH CONSTRUCTION OF THE TWO PLANTS,
HOWEVER, WERE THE SUBJECT OF A RECENT PUBLIC DEBATE. LOCAL
ENGLISH LANGUAGE NEWSPAPER, THE NATION, SEPT. 28 QUOTED
SOURCES IN RTG MINERAL RESOURCES DEPT. AS "UNHAPPY" WITH
DECISION OF EGAT TO GO AHEAD WITH CONSTRUCTION OF NUCLEAR
GENERATING CAPABILITY BEFORE MORE THOROUGH ASSESSMENT OF
POSSIBLE OIL AND GAS DEPOSITS IN GULF OF THAILAND. SEVERAL
DAYS LATER, KASEM CHATIKAVANIJ, EGAT GENERAL MANAGER, PUB-
LICLY OFFERED TO DELAY PLANS TO CONSTRUCT THE TWO
INSTALLATIONS IF "ANYBODY COULD OFFER A BETTER ALTERNATIVE
AND COULD ASSURE THE GOV'T THAT THE PROSPECTS FOR OIL ARE
FIRM BOTH IN REALITY AND QUANTITY..." PUBLIC ARGUMENT
ENDED WHEN NATION IN EDITORIAL SUPPORTED EGAT'S POSITION
THAT PLANNING FOR GROWTH IN ENERGY COULDN'T WAIT POSSIBLE
OIL DISCOVERIES. OIL DISCOVERED COULD, IN ANY EVENT, BE
READILY SOLD AT HIGH PREVAILING PRICES WHILE NUCLEAR ENERGY
DEMONSTRABLY CHEAPER IN GENERATING ELECTRICITY.

9. EMBOFF WHO CALLED ON EGAT TO PREPARE THIS REPORT WAS
IMPRESSED BY OBVIOUS COMPETENCE AND EXTENSIVE IN-DEPTH
PLANNING OF NUCLEAR POWER DIV. EMB IS CONVINCED THAT EGAT,
AS AN INSTITUTION, REPRESENTS A MODERNIZING FORCE IN
THAILAND AND THAT ANY ASSISTANCE OR COOPERATION OFFERED
EGAT WILL BE INTELLIGENTLY USED TO ENCOURAGE DEVELOPMENT
OF THAILAND. EGAT, ALSO HAS REPUTATION BEING FREE OF
AND INTOLERANT OF CORRUPTION UNDER ITS CURRENT CHEIF.
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